

# **6 FAH-2 H-200 ACQUISITION BASICS**

## **6 FAH-2 H-210 ACQUISITION METHODS**

### **6 FAH-2 H-211 GENERAL**

*(TL: CORH-1; 08-21-1997)*  
*(State Only)*

There are two basic methods of acquiring goods and services for the U.S. Government. The first is through existing and required sources of supply (e.g., National Industries for the Blind or Severely Handicapped, existing contracts, etc.). The other is an open market acquisition using either simplified acquisition techniques or formal contracting methods.

### **6 FAH-2 H-212 SIMPLIFIED ACQUISITION METHODS**

*(TL: CORH-1; 08-21-1997)*  
*(State Only)*

a. Simplified acquisitions are purchases of supplies, nonpersonal services, or construction when the aggregate (total) amount involved in any one transaction does not exceed the simplified acquisition threshold and one of the simplified procedures of FAR Part 13 are followed (e.g., imprest fund, purchase card, purchase orders, or blanket purchase agreements.)

b. The purpose of simplified acquisition methods is to accomplish acquisitions with a minimum of administrative costs, to improve opportunities for small business concerns in the local trade area (domestic only), and to eliminate the more costly and time-consuming paperwork involved in formal acquisitions.

c. Small business set-asides. In accordance with FAR 13.105, domestic offices shall reserve each acquisition of supplies or services that has an anticipated value exceeding \$2,500 and not exceeding \$100,000 for U.S. small business concerns. Posts abroad are encouraged to comply with this policy whenever practical.

# 6 FAH-2 H-213 FORMAL ACQUISITION

(TL: CORH-1; 08-21-1997)  
(State Only)

When the amount of the supplies or services to be acquired exceeds the simplified acquisition threshold, the Department must use one of the two formal acquisition methods: sealed bidding or negotiation. CORs should note that it is the Contracting Officer's responsibility to make the decision concerning which method to use in a given acquisition. The focus of this handbook is on formal acquisitions.

## 6 FAH-2 H-213.1 Sealed Bidding

(TL: CORH-1; 08-21-1997)  
(State Only)

a. Sealed bidding is a method of contracting characterized by competitive bids that are sealed by the respective vendors before being given to the U.S. Government, opened by the U.S. Government in a public ceremony, with contract award being made to the lowest-priced acceptable bidder. Sealed bidding is used when the U.S. Government can describe its requirements clearly and without ambiguity. In sealed bidding, communication between the parties is limited to the U.S. Government's written solicitation (Invitation for Bid (IFB)) and the vendor's written bid. Sealed bidding involves the following steps:

(1) **Draft Specification or Statement of Work:** The requirements office (or COR) provides this description.

(2) **Prepare Solicitation:** The IFB must describe the requirements clearly, accurately, and completely without unnecessarily restrictive specifications which would unduly limit the number of bidders.

(3) **Publicize IFB:** The Contracting Officer publicizes IFBs through appropriate means (normally, the Commerce Business Daily (domestically) or local newspapers (abroad)) and in sufficient time to enable prospective bidders to prepare and submit bids.

(4) **Submit Bids:** Bidders submit sealed bids to be publicly opened at the time and place stated in the IFB.

(5) **Evaluate Bids:** The Contracting Officer and COR evaluate bids without discussion with bidders.

(6) **Award Contract:** The Contracting Officer awards to the lowest-priced, responsive, responsible bidder.

b. The Contracting Officer will consider sealed bidding when all of the following conditions are met:

(1) Time permits the solicitation, submission, and evaluation of bids.

(2) Award can be made on the basis of price or price-related factors.

(3) Specifications adequately define requirements so that it is unnecessary to conduct discussions.

(4) There is a reasonable expectation of receiving more than one bid.

c. Generally, sealed bidding is not used abroad, because the concept is not familiar to foreign firms and does not allow the Department to conduct negotiations, which are normally needed. As previously mentioned, sealed bidding prohibits discussions, price or otherwise, between the bidders and the Department after bid opening. For this reason, negotiation is recommended for posts abroad.

## 6 FAH-2 H-213.2 Contracting by Negotiation

(TL: CORH-1; 08-21-1997)

(State Only)

a. Negotiation refers to any U.S. Government acquisition method that is not sealed bidding. Negotiation must be used whenever one or more of the four prerequisites to sealed bidding (sufficient time, award based on price or price-related factors, well-defined specifications, adequate competition) is lacking.

b. In contracting by negotiation, the Contracting Officer requires that offerors separately package their technical proposals and their price proposals. The U.S. Government then separately evaluates each offeror's technical and price proposals. There is no public opening of proposals. After evaluation of offers, the Contracting Officer may hold negotiations with offerors in the competitive range, advising each of the deficiencies in its proposal, and request best and final offers (BAFOs). After evaluation of BAFOs, the Contracting Officer awards to that offer evaluated to be of the greatest value to the U.S. Government, price and other factors considered. A major feature of negotiated procurement is its emphasis on the technical aspects of proposals, in addition to price, rather than on price factors alone, as is required in sealed bidding.

c. Contracting by negotiation involves the following steps:

(1) **Draft Specifications or Statement of Work:** The requirements office (or COR) provides this description.

(2) **Prepare Request for Proposal (RFP):** As in the case of an IFB, the Government describes its requirements clearly, accurately, and as fully as possible, and does so without unnecessarily restrictive specifications which would unduly limit the number of offerors.

(3) **Publicize RFP:** The Contracting Officer publicizes the RFP through all appropriate means, including the *Commerce Business Daily*, local newspapers, or any other locally acceptable means of advertising the requirement.

(4) **Submit Proposals:** Offerors prepare and submit technical and price proposals in response to the RFP. Proposals are not opened in public.

(5) **Evaluate Proposals:** A Technical Evaluation Panel (TEP) evaluates the technical proposals against the technical evaluation criteria included in the RFP. The Contracting Officer evaluates the price proposals to determine whether the proposed prices are reasonable and reflect the offeror's understanding of and ability to perform the contract. The Contracting Officer then determines which proposals are in the competitive range based on both technical and price factors. The Contracting Officer may also choose to award on the basis of initial proposals, in which case steps 6 through 8 are eliminated.

(6) **Conduct Discussions:** The Contracting Officer holds oral or written discussions with each offeror in the competitive range to resolve uncertainties and to provide each offeror with an understanding of the technical or price weaknesses in its proposal. The COR and other TEP members may participate in the conduct of discussions.

(7) **Request Best and Final Offers (BAFOs):** When discussions are concluded, the Contracting Officer issues a written request for Best and Final Offers from all offerors in the competitive range.

(8) **Evaluate BAFOs:** The TEP and the Contracting Officer evaluate BAFOs in the same manner as initial offers.

(9) **Award Contract:** The Contracting Officer awards a contract to the responsible offeror whose offer is most advantageous to the Government, considering price and other related evaluation factors as stated in the solicitation.